



# Department of Justice

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AT  
(202) 616-2771  
TDD (202) 514-1888

**JUSTICE DEPARTMENT RECOMMENDS THAT FCC DENY BELLSOUTH  
LONG DISTANCE APPLICATION IN SOUTH CAROLINA**

**Justice calls BellSouth Application Premature**

WASHINGTON, D.C. -- The Department of Justice today recommended that the Federal Communications Commission deny BellSouth's application to provide South Carolina with long distance service because BellSouth has not fully completed the steps necessary to open local telephone markets there to competition.

"Essentially, the BellSouth application is premature," said Joel I. Klein, Assistant Attorney General for the Department's Antitrust Division. "BellSouth has made some important progress in opening the market for local telephone services in South Carolina, particularly in developing the interfaces necessary to permit smaller competitors to access essential elements of its network," Klein said. "Much remains to be done, however, to ensure that the market is open to competition in the way Congress intended."

Since the break up of the Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the Modified Final Judgment in the AT&T case and now under the terms of the Telecommunications Act of 1996.

Under Section 271 of the act, a BOC like BellSouth may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telephone markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Justice Department and give "substantial weight" to its assessment of competitive conditions in the market and whether the BOC should be allowed to provide in-region long distance service.

"Opening up local markets under the Telecommunications Act will enable consumers to reap the benefits that competition will bring lower prices, higher quality service, and increased service offerings," Klein emphasized. "This is BellSouth's first application. We have learned in working with other carriers that implementing the complex processes needed to facilitate local competition takes considerable time and effort. We are prepared to work with BellSouth, as we are working with others, to help them meet the requirements of the Act."

The Department also said it was unclear if competitors would have adequate access to necessary BellSouth facilities and services because BellSouth had failed to:

- Offer access to unbundled network elements in a way that will allow new entrants to combine them to offer competitive phone services to consumers.
- Provide adequate, nondiscriminatory access to the operations support systems that are used for ordering and provisioning needed facilities and services.

- Prove that its current and future prices for unbundled network elements will permit entry and effective competition by efficient competitors.
- Adequately measure and report on its wholesale performance, so that competitors can be assured of receiving adequate access and interconnection on a continuing basis.

BellSouth filed its application with the FCC September 30, 1997. Under the terms of the Telecom Act, the FCC must approve or deny the application by December 29, 1997.

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